

pursuant to Section 254(h)(1)(A) and (B). At the end of a reporting period, the support fund administrator would arrange for settlement of net contribution balances among the contributors.

Next, until such time as a state certifies a second carrier as a Section 214(e) eligible carrier in an incumbent eligible carrier's service area, the incumbent eligible carrier should receive the available federal support funds. At such time as the state designates a second eligible carrier in that area, the same amount of high-cost and Lifeline funding that was available to the incumbent eligible carrier should be converted to a "virtual voucher" distribution methodology for application by consumers in the service area to the universal service portion of the bill of their provider of choice. In this manner, competition for universal services will be enhanced in rural, insular and high-cost areas and for low-income consumers. Support "portability" rules for Section 254(h) eligibles are not necessary; the statutory scheme makes such support inherently portable.

### Conclusion

Congress has mandated and the Commission recognizes the need to address universal service issues from the ground up. The Citizens Companies' view of Congressional intent is that the goals of open entry into telecommunications services, particularly local exchange services, and universal service can best be harmonized by regulators taking the necessary steps to move implicit subsidies out of rates and, to the extent, necessary, create an explicit support funding system. Congressional intent would be frustrated if, however, the universal service support system becomes a tool for fulfilling every possible desire for telecommunications services paid for by someone else. Should this occur, the funding system will be so huge as to be unworkable, thereby thwarting the development

of competition intended by Congress. Instead, a weighing and balancing of competition and universal service goals, as proposed by the Citizens Companies, is required.

Respectfully submitted,

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Dated: April 12, 1996

## CERTIFICATE OF SERVICE

I, Richard M. Tettelbaum, Associate General Counsel of Citizens Utilities Company, hereby certify that a true and correct copy of the foregoing "Comments of Citizens Utilities Company on the Notice of Proposed Rulemaking and Order Establishing Joint Board" was, unless otherwise shown, served by U.S. first class mail, postage prepaid, this 12th day of April, 1996 on the following:

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